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BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2020-229-E

In the Matter of: Duke Energy Carolinas, LLC's Establishment of Solar Choice Metering Tariffs Pursuant to S.C. Code Ann. Section 58-40-20 Duke Energy Progress, LLC's Establishment of Solar Choice Metering Tariffs Pursuant to S.C. Code Ann. Section 58-40-20	)	**SURREBUTTAL TESTIMONY AND EXHIBITS OF EDDY MOORE ON BEHALF OF THE SOUTH CAROLINA COASTAL CONSERVATION LEAGUE, SOUTHERN ALLIANCE FOR CLEAN ENERGY, AND UPSTATE FOREVER**

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I. INTRODUCTION AND QUALIFICATIONS

Q. WHAT IS YOUR NAME AND YOUR CURRENT JOB TITLE?

A. My name is Eddy Moore and I am the Energy & Climate Program Director for the South Carolina Coastal Conservation League ("CCL").

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of CCL, the Southern Alliance for Clean Energy ("SACE"), and Upstate Forever.

Q. HAVE YOU TESTIFIED BEFORE THIS COMMISSION BEFORE?

A. Yes. I testified in Docket No. 2019-239-E, Dominion Energy South Carolina's ("DESC") Request for Approval of an Expanded Portfolio of Demand Side Management Programs, and a Modified Demand Side Management Rate Rider, on behalf of SACE, CCL, and the South Carolina State Conference of the NAACP.

Q. PLEASE STATE YOUR QUALIFICATIONS.

A. Over the past approximately fifteen years, I have worked extensively in the field of clean energy policy and utility regulation. In my role as the Energy and Climate Program Director for CCL, I manage our program of non-profit advocacy to achieve a wide range of clean energy goals, from opposing offshore oil drilling to the expansion of energy efficiency and renewable energy. Prior to my current role, I was an attorney for the Arkansas Public Service Commission, where I advised the Arkansas Commission on public utility and energy law and policy, including expanding Arkansas' net metering program and its utility-funded energy efficiency programs.

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I have helped draft and implement customer-based distributed energy resource legislation or regulations in three states: California, Arkansas, and South Carolina. In particular, in South Carolina when the V.C. Summer nuclear project was abandoned, I worked with Kenneth Sercy, then my colleague at CCL, to propose omnibus legislation (introduced as H.4425 in 2018 by Representative James Smith) in response, which included Integrated Resource Planning, expanded energy efficiency programs, and repeal of the Base Load Review Act. That legislation did not pass, but when later net metering legislation also failed (H.4421 in the same session), the conservation community and solar industry worked together to propose a second omnibus bill combining IRP, distributed generation, and other provisions: the Energy Freedom Act (H.3659). This legislation became Act 62. Other conservation allies drafted the first versions of the solar choice provisions in the Energy Freedom Act, and I also helped with comments and suggestions for language. While the final language was the product of compromises along the way, I have a strong sense of the policy goals that drove the creation of the Act.

Q. ARE YOU SPONSORING ANY EXHIBITS WITH YOUR TESTIMONY?

A. Yes. I am sponsoring three exhibits. Exhibit A is a copy of H.3659, the Energy Freedom Act (the "Act" or "Act 62"). Exhibit B is a copy of my curriculum vitae.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. My testimony responds to the Direct Testimonies of Office of Regulatory Staff witnesses Robert Lawyer and Brian Horii and to the Rebuttal Testimony of Dominion Energy South Carolina (DESC) witness Danny Kassis. As an initial

matter, I touch on the direct testimony of ORS Witness Lawyer and the rebuttal testimony of DESC Witness Kassis regarding the interests and motivations of intervenors such as CCL, SACE, and Upstate Forever in this proceeding. More substantively, I point out that Witnesses Lawyer, Horii, and Kassis only partially address the requirements of the Energy Freedom Act, and fail to address other requirements that the Commission must fulfill, in concert with the express purposes of the Act. Finally, my testimony addresses the failure of ORS and DESC to include mitigation measures for existing solar customers.

II. <u>NATURE OF INTERVENORS' INTERESTS IN THIS PROCEEDING</u>

Q. HOW DID ORS WITNESS LAWYER AND DESC WITNESS KASSIS DESCRIBE INTERVENORS' INTERESTS IN THIS PROCEEDING IN THEIR TESTIMONY?

A. ORS Witness Lawyer, in his direct testimony, stated that "several other entities have intervened to represent the interests of the solar industry and clean energy policy. These entities include Alder Energy Systems, LLC, the North Carolina Sustainable Energy Association, the Solar Energy Industries Association, Vote Solar, the Southern Alliance for Clean Energy, the South Carolina Coastal Conservation League, and Upstate Forever. The primary purpose of some of the entities is to sell, lease, and market goods and services related to solar to potential customer-generators. As such, the interests of those entities are not always aligned with the interests of the using and consuming public who purchase electrical service from DESC." Lawyer Direct Test. at 3. Thus, Witness Lawyer concluded

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that "the interests of those entities are not always aligned with the interests of the using and consuming public who purchase electrical service from DESC." Id. DESC Witness Kassis' rebuttal testimony further stated that the modifications proposed by intervenors' witnesses, including NCSEA Witness Barnes and joint Witness Beach[1] "evidence a fundamental self-interest in violation of Act 62."[2] Witness Kassis contrasts this supposed "fundamental self-interest" with the interest of the using and consuming public,[3] and attributes the "inflated benefits" and "mischaracterization" he perceives in the testimonies of Witnesses Beach and Barnes to their self-interest.

Q. WHAT ARE THE MISSIONS OF SACE, CCL, AND UPSTATE FOREVER?

A. As stated in our petition to intervene, all three of these organizations are non-profit organizations dedicated to promoting a clean environment for the benefit of South Carolinians and residents of the Southeast. CCL, as an advocate for conservation and energy efficiency, supports development of energy policy that is in the public interest of South Carolinians. SACE's mission is to promote responsible energy choices that address global climate change and ensure clean, safe and healthy communities throughout the Southeast. And the mission of Upstate Forever is to promote sensible growth and the protection of the critical lands, waters, and unique character of Upstate South Carolina.

[1] Intervenors North Carolina Sustainable Energy Association, the Solar Energy Industries Association, Vote Solar, SACE, CCL, and Upstate Forever jointly presented Witness Tom Beach.
[2] Kassis Rebuttal at 2.
[3] Id. Witness Kassis returns to this theme on pages 13, 14, and 16 of his rebuttal testimony.

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Q. PLEASE DESCRIBE SACE, CCL, AND UPSTATE FOREVER'S PARTICIPATION IN OTHER COMMISSION PROCEEDINGS.

A. To further our respective missions, CCL, SACE, and Upstate Forever have intervened in dozens of Commission proceedings dating back over 15 years; indeed, CCL and SACE have each intervened in over 100 Commission proceedings. These proceedings have covered the full spectrum of utility regulatory issues, including energy efficiency, fuel cost recovery, integrated resource planning, rate cases, net metering, and other solar issues. SACE, CCL, and Upstate Forever have advocated for more transparency in utility planning and regulation, in favor of programs to help customers afford their energy bills, and to promote reliable, low-cost clean energy resources of all types that we believe are the best choice for South Carolina's ratepayers. In May of last year, CCL, SACE, Upstate Forever, and the South Carolina State Conference of the NAACP filed comments in Docket 2020-120-A that focused on measures to respond to the COVID-19 pandemic and advocated for three issues: (1) maintain a ban on customer disconnections for nonpayment, improve data collection, and improve arrearage management; (2) near-term options for utilities to adjust their energy efficiency ("EE") programs while still protecting the health and safety of customers, utility employees, and contractors; and (3) the importance of expanding those programs, particularly for low-income customers, to mitigate the long-term economic impacts of the COVID-19 pandemic.

Q. DO SACE, CCL, OR UPSTATE FOREVER HAVE ANY FINANCIAL INTEREST IN THE SOLAR INDUSTRY?

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A. No. As stated above, CCL, SACE, and Upstate Forever are non-profit, charitable, public interest organizations. Our interests are for sustainability and a clean environment, which benefits not only ratepayers but the whole public. Witness Lawyer or Witness Kassis might disagree, but we believe our interest in lower-cost clean energy is very strongly aligned with the "interests of the using and consuming public," and I will explain that more below as a matter of the policy reflected in the Act 62 rather than of the pecuniary interest of any particular witness. In addition, customers who have leased or purchased rooftop solar (or who plan to do so) are also members of "the using and consuming public," and I am concerned that ORS does not consider the interests of those ratepayers in this docket.

Dominion, on the other hand, has a direct financial interest in this docket and it is not merely a matter of ensuring cost recovery or preventing cost shifting among customers, but also one of shareholder profit. Marginal reductions in sales—such as those caused by new customer-based renewable generation—can reduce the revenue of the utility in the short or long term. In addition, increased adoption of distributed energy resources like rooftop solar can diminish the need for a utility to invest in generation and transmission assets, which can also dim the utility's outlook for future profits from putting new investments into rate base. In some cases, the compensation package for utility management is tied to its economic performance, so that not only the utility as a whole but individual officers may have an interest in maximizing the profit of the utility. It is possible for this financial interest to be "not always aligned with the interests of the using and consuming

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public." I raise this only to offer a more complete perspective. The Commission is capable of considering the various views brought to bear in this docket from different perspectives, but it is important that the record reflect that neither CCL nor our other nonprofit co-intervenors have any financial interest in the future of the solar industry in South Carolina.

III. RELEVANT PROVISIONS OF THE ENERGY FREEDOM ACT

Q. DO WITNESS KASSIS AND WITNESS HORII REFERENCE THE LANGUAGE OF THE ENERGY FREEDOM ACT?

A. Yes, parts of it. And I think that is appropriate. Their references, however, are incomplete and do not give a full picture of the duties of the utility or the Commission under the Act.

Q. WHAT ARE THE OVERALL GOALS OF AND THEMES IN ACT 62, THE ENERGY FREEDOM ACT?

A. The first section of the Energy Freedom Act establishes a thread that is consistent throughout Act 62. Section 58-41-05 directs the Commission to:

"[A]ddress **all renewable energy issues** in a fair and balanced manner, considering the costs and benefits of **all programs and tariffs that relate to renewable energy** and energy storage, both as part of the utility's power system and as direct investments by customers for their own energy needs and renewable goals. **The commission also is directed** to ensure that the revenue recovery, cost allocation, and rate design of utilities that it regulates are just and reasonable and properly **reflect changes in the industry as a whole**, **the benefits of customer renewable energy, energy efficiency, and demand response**, as well as any

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utility or state-specific impacts unique to South Carolina which are brought about by the consequences of this act." S.C. Code Ann. § 58-41-05 (emphasis added) Thus, at the outset, Act 62 sets out requirements that are binding upon the Commission to fairly consider not only costs, but also benefits of renewable energy. These required considerations include reflecting changes in the utility industry and the benefits of various types of distributed resources.

Q. ARE THE SOLAR CHOICE ISSUES WITHIN THIS DOCKET PART OF "ALL RENEWABLE ENERGY ISSUES . . ."?

A. Yes.

Q: MUST THE COMMISSION TAKE INTO ACCOUNT NOT ONLY THE UTILITY'S PERSPECTIVE, BUT ALSO THE SOLAR CUSTOMER'S PERSPECTIVE?

A. Yes. The Commission must fairly take into account customers' direct investment in renewable energy to meet their own needs. For example, some customers have <u>already invested in renewable energy and</u> could be harmed by a sudden, large, unfavorable change in rate treatment. In a more general sense, public policy usually recognizes investment-backed expectations in some way. Further, growth in distributed energy resources and other distributed technology is dependent, in part on issues such as whether utility costs are recovered through high fixed charges, or in the alternative, through charges that more flexibly reflect cost causation.

Q: ARE YOU SAYING THAT SECTION 58-41-05, QUOTED ABOVE, IS AN EXPRESSION OF LEGISLATIVE INTENT?

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A. Yes, but it is not merely a statement of legislative intent. By its own terms, it also "directs" the Commission to take customer investment into account in "all" renewable energy decisions, including this solar choice docket.

Q. IN ADDITION TO FOCUSING ON FAIRNESS TO RENEWABLE ENERGY, DOES THIS OVERARCHING LANGUAGE REFERENCE ANY OTHER FAIRNESS ISSUE?

A. Yes. This section has two sentences. As mentioned above, the first sentence, in addition to referencing renewable energy, urges fairness, as between the costs and benefits of generation on the utility's power system and customer-based generation. The second sentence directs the Commission to ensure that the utility's tariffs recognize developments in customer-based renewable energy and other customer-based resources such as energy efficiency and demand response. In the context of a Commission established for the purpose of regulating vertically-integrated public utilities, this language highlights the need to also consider the benefits to ratepayers of non-utility-owned, and particularly customer-based resources. Act 62 acknowledges, and seeks to have the Commission accommodate, not only the shift to renewable power (and associated, evolving distributed technologies such as battery storage) but also the shift towards more diverse ownership of resources, including particularly customer-based resources.

Q. IN ADDITION TO THE INTRODUCTORY PROVISIONS OF THE ENERGY FREEDOM ACT, DOES THE ACT AS A WHOLE REFLECT THIS THEME?

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A. Yes. Outside of Chapter 40 (Net Metering and Solar Choice Metering Programs), the Energy Freedom Act asks the Commission to look anew at, among other things: (1) integrated resource planning; (2) determination of avoided costs for renewable generators; (3) interconnection of renewable generators; (4) expanding low-income access to solar; and (5) revisiting rate design to reflect a customer's right to engage in cost saving measures such as energy efficiency and rooftop solar. Every one of these provisions is forward-looking and focused on ensuring fair consideration and access for renewable energy and independent or customer-based demand-side resources. This focus is understandable after the state's experience with the abandoned VC Summer nuclear plant expansion.

Q. ARE THERE OTHER RELEVANT AND BINDING PROVISIONS OF ACT 62 AT ISSUE IN THIS PROCEEDING, OTHER THAN THE SOLAR CHOICE PROVISIONS?

A. Yes. Section 7 of the Act enumerates a list of electrical utility customer rights, following the General Assembly's finding that there is "a critical need to: (1) protect customers from rising utility costs; (2) provide opportunities for customer measures to reduce or manage electrical consumption from electrical utilities in a manner that contributes to reductions in peak electrical demand and other drivers of electrical utility costs; and (3) equip customers with the information and ability to manage their electric bills." These findings demonstrate an urgency (i.e., "a critical need") that the Commission consider how best to protect consumers by enabling them to "reduce or manage electrical consumption from electrical utilities. . ."

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The statute encourages the Commission to *align* this customer demand reduction with utility system cost reduction. This provision indicates that, where possible, neither the utility nor the Commission should pit these two goals against each other.

The statute foresees that customers will be equipped with both *the information* and *the ability* to manage their bills. This provision can only be read to preclude approval of tariffs that base customers' bills on information they cannot reasonably see or act upon (such as flows of electricity on a small-time scale of minutes, when a customer's bill is rendered only monthly).

Act 62, further, guarantees that "[e]very customer of an electrical utility has the right to a rate schedule that offers the customer a reasonable opportunity to employ such energy and cost-saving measures as energy efficiency, demand response, or onsite distributed energy resources in order to reduce consumption of electricity from the electrical utility's grid and to reduce electrical utility costs." S.C. Code Ann. § 58-27-845(B). Existing solar NEM and future solar choice customers are covered by the phrase "every customer." If the rate design of a solar choice tariff does not provide a "reasonable opportunity" to reduce their bill through efficiency, demand response, or onsite solar generation—for instance through high, unavoidable fixed charges combined with low volumetric charges that undervalue efficiency and demand response—then it violates this statute.

Further, the Act states that for each class of service, that "the commission *must* ensure" that each utility offers "a minimum of one reasonable rate option that aligns the customer's ability to achieve bill savings with long-term reductions in

the overall cost the electrical utility will incur in providing electric service, including, but not limited to, time-variant pricing structures." S.C. Code Ann. § 58-27-845(D) (emphasis added).

This requirement of the Act that brings together many of the points I already have outlined. Act 62 requires that individual customers be able to take advantage of a rate schedule that aligns their own bill savings with long-term reductions in the cost of utility service to all customers. Because customers cannot get utility service from anyone except the state-designated public utility, customers are dependent on the utility and on the Commission to ensure that they have some option to choose terms of service that both allow management of their own bills, and enable individual customers to help reduce system costs. If the Solar Choice tariff that is available to a solar customer unnecessarily fails to allow bill savings that also reduce system costs, then customers have no option to align their behavior with the greater good for all ratepayers. In addition—as noted in the Direct Testimony of NCSEA Witness Justin Barnes—if the time-variant pricing structures that are offered by a utility are not aligned with that utility's system peaks, it is less likely to contribute to reductions in the cost of the electric utility service (and may instead lead to overconsumption during times that coincide with system peaks, which will increase the chances of the utility building new generation assets to meet those peaks).

This provision also embodies the economic policy concept that, in the long run, all costs are variable costs. Costs that Dominion has already incurred for past infrastructure are sunk and cannot be avoided. But the utility system and external

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technology are constantly changing. If a large market develops, for instance, for customer-based generation and associated demand-management technologies, then there may be less need for ratepayers as a whole to be charged for new generation, transmission, or other investments by the utility, costs that would otherwise be borne by all ratepayers.

It is the nature of large, unavoidable fixed fees, as a matter of rate design, that they dampen and preclude customer bill management. They are "dumb" with respect to time-varying costs. Even if some TOU component is included as a part of a rate schedule, the inclusion of large fixed charges steeply erode the price signal that can be sent through the remaining TOU portion of the rate, and can easily render the TOU component meaningless.

The Energy Freedom Act gives a non-trivial task to both the utility and the Commission to do more than merely allow reasonable cost recovery or avoid cost shifting. It requires development of rates that will enable customers to produce meaningful bill savings, while serving a broader public good. This is a sophisticated objective and one that seeks to empower customers with new rights, departing from the status quo approach to rates and rate design.

Q. DOES SECTION 58-27-845 MERELY REQUIRE THAT CUSTOMERS BE OFFERED A RATE THAT ALLOWS SOME BILL REDUCTION?

A. No. It grants customers a "reasonable opportunity" to actually take advantage of bill reductions. For the opportunity to be reasonable, the rate must—to the degree possible in congruence with other statutory requirements—enable the customer

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investment in renewable generation referenced in the opening paragraph of the Act.

Q. TURNING NOW TO THE SOLAR CHOICE PART OF THE STATUTE, WHAT IS THE STATED LEGISLATIVE INTENT OF ACT 62 IN ESTABLISHING A SOLAR CHOICE METERING PROGRAM?

A. S.C. Code Ann. § 58-40-20(A)(1)-(3) states as follows:

> (A) It is the intent of the General Assembly to:
>
> (1) build upon the successful deployment of solar generating capacity through Act 236 of 2014 to continue enabling market-driven, private investment in distributed energy resources across the State by reducing regulatory and administrative burdens to customer installation and utilization of onsite distributed energy resources;
>
> (2) avoid disruption to the growing market for customer-scale distributed energy resources; and
>
> (3) require the commission to establish solar choice metering requirements that fairly allocate costs and benefits to eliminate any cost shift or subsidization associated with net metering to the greatest extent practicable.

Q. IS IT COMMON FOR THE LEGISLATURE TO INCLUDE A STATEMENT OF INTENT IN TITLE 58 OF THE SOUTH CAROLINA CODE?

A. No. In my review of Title 58, I could find very few examples outside of the Energy Freedom Act stating the express intent of the General Assembly. This underscores the significance that the General Assembly explicitly states its intent in the Energy Freedom Act and, specifically, in Chapter 40 (Net Metering and Solar Choice Metering) to build on the successful deployment of customer-

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generated solar energy, avoid disruptions to the growing market, and consider the cost shift issue to the greatest extent practicable.

Q. HOW DO ORS WITNESSES ADDRESS THE LEGISLATIVE INTENT BEHIND THE ENERGY FREEDOM ACT?

A. Witness Horii's testimony includes as an Exhibit a 2018 report written by E3 regarding cost-shifting (written before the passage of Act 62), and the words "cost shift" or the concept of cost shifting appears on nearly every page of his Direct Testimony.[4] It is fair to say that ORS has focused its case on the single issue of eliminating cost shifting, which is referenced in one of three legislative purposes governing the solar choice provisions of Act 62. And importantly, even in that provision, the General Assembly directed that the cost shifts be eliminated "to the greatest extent practicable" and in the context of considering benefits and costs of net metering, not absolutely or without consideration of other legislative directives.

Witness Lawyer similarly testified that ORS's recommendations "focused on the elimination of any cost shift to the greatest extent practicable on customers who do not participate in customer sited solar generation…."Lawyer Direct Test. at 3.

Q. IS ELIMINATING COST SHIFT TO THE GREATEST EXTENT PRACTICABLE THE ONLY GOAL OF ACT 62?

A. No. I have outlined the broader goals and requirements of the Act above. But specific to the solar choice provisions, the legislature also intended for the Commission to

[4] Once past his professional background, "cost shift" appears on each of pages 3-11, 13, 15-18, 21, 22, 24-26, 29, and 31-32 (the final page of the Direct Testimony). It appears up to a dozen times on some pages.

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> **build upon the successful deployment of solar generating capacity** through Act 236 of 2014 to **continue enabling market-driven, private investment in distributed energy resources across the State** . . .
>
> (emphasis added).

The legislature also intended for the Commission to "avoid disruption to the growing market for customer-scale distributed energy resources . . ."

Q. DESC WITNESS KASSIS NOTES TWICE THAT THE DIRECTIVE TO ELIMINATE COST SHIFTING TO THE GREATEST EXTENT PRACTICABLE IS EXPRESS. ARE THESE OTHER INDICATIONS OF LEGISLATIVE INTENT EXPRESS?

A. Yes, they are expressed in the two provisions I just cited, but also in the broader purposes and statutory directives that I outlined above.

Q. IN THE CONTEXT OF SEVERAL EXPRESS STATUTORY DIRECTIVES AND INTENTS WITH REGARD TO SOLAR CHOICE PARTICULARLY AND TO RENEWABLE AND CUSTOMER-BASED GENERATION MORE GENERALLY, WHAT DOES IT MEAN TO ELIMINATE COST-SHIFTING "TO THE GREATEST EXTENT PRACTICABLE?

A. Ballentine's Law Dictionary defines "practicable" as "feasible, workable, or usable." Ballentine's Law Dictionary (3d ed. 1969). Merriam-Webster's online dictionary defines practicable as "capable of being put into practice or of being done or accomplished" or "feasible."[5] I would say that Act 62 requires the elimination of cost shifting to the greatest degree that it is workable or capable of being put into practice, while also meeting the express goals of building upon the

[5] Practicable, Merriam-Webster Dictionary, https://www.merriam-webster.com/dictionary/practicable

successful deployment of solar generating capacity, enabling market-driven, private investment in renewable energy resources, and avoiding disruption in this market.

As I suggest above, the statute does not contemplate that eliminating cost shifting and promoting customer-based renewable energy are mutually exclusive goals. There are many ways to skin a cat, as shown by the recently-proposed Duke Energy solar choice settlement agreement, which eliminates cost-shifting to the greatest extent practicable while enabling solar customers to reduce winter peak demand, in alignment with the interests of all ratepayers. That is exactly the kind of outcome envisioned by the Act, and not an outcome like the DESC solar choice proposal that sacrifices the majority of the statutory directives in sole pursuit of the cost-shift issue.

Q. IS A SINGULAR FOCUS ON COST-SHIFT CONSISTENT WITH THE REQUIREMENTS OF THE ENERGY FREEDOM ACT?

A. No. Even if DESC and ORS could prevail on the evidence to establish the existence of a cost shift—which as Witness Beach's testimony and exhibits show, they have not—the Act calls for a more nuanced approach to mitigate that purported cost shift and to find the best possible tariff design that, at a minimum, protects customer's rights to a rate design that provides meaningful cost savings opportunities with onsite solar. Unfortunately, in elevating cost shift over all other factors, ORS and DESC have both failed to provide an option that could satisfy the express intent of the Energy Freedom Act. In addition, ORS and Dominion's focus on cost shift is too focused on short term time horizons, ignoring the ways

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that expanding development of rooftop solar and other distributed energy resources can help to reduce utility costs over the long term, benefiting all ratepayers.

Q. DO EITHER ORS OR DESC ADDRESS THE COSTS AND BENEFITS OF SOLAR, AS REQUIRED BY ACT 62?

A. No. ORS and DESC did not perform any cost-benefit analysis required by Act 62. As described by Witness Beach, ORS and DESC rely on information based on the previous Act 236 methodology and do not appear to have made any adjustments since presenting information on the existing net metering program in Docket 2019-182-E (generic docket). Indeed, the 2018 E3 Cost Shift report that is the centerpiece of Witness Horii's Direct Testimony was conducted prior to enactment of Act 62, which occurred in May of 2019. It is not surprising that this 2018 study did not accommodate the further goals of the Act at issue today, because it could not take them into account.

Further, Act 62 requires the Commission to determine an "energy measurement interval" (i.e., an annual, monthly, weekly, daily, hourly or sub-hourly net energy measurement) that is "just and reasonable in light of the costs and benefits of the solar choice metering program." S.C. Code Ann. § 58-40-20(F)(2). The determination of the netting interval must have a rational basis in the record of this proceeding, in order to be "reasonable." It must also be understandable, fair, and actionable by customers to be "just." Further, the netting interval should be determined based on the costs and benefits of the <u>entire</u> program (e.g., residential, small commercial, industrial customer-generators, etc.). Neither ORS nor DESC

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contemplated any netting interval beyond that which DESC proposed and did not complete a programmatic cost-benefit analysis. On this record, the evidentiary basis for establishing a new, just, and reasonable netting period, in compliance with Act 62, does not exist.

III. MITIGATION MEASURES FOR EXISTING CUSTOMERS

Q. DOES ORS ADDRESS WHETHER ADDITIONAL MITIGATION MEASURES ARE NECESSARY TO PROTECT EXISTING CUSTOMER-GENERATORS FROM RATE SHOCK?

A. No. Currently, there are approximately 11,000 rooftop solar customers in DESC's territory. These customers are able to get 1:1 retail net metering under their legacy rights under the 2014 settlement agreement reached in Docket No. 2014-246-E.[6] ORS has not considered the severe rate shocks that could occur when these customers' legacy rights under the 2014 settlement agreement expire.

Q. DID THE 2014 SETTLEMENT AGREEMENT LOCK IN A NET METERING RATE?

A. No. It simply prohibited utilities from imposing any additional or new charges on net metering customers that otherwise would not apply to them if they were not customer-generators. This is a common feature in many state net metering statutes to protect the investment expectations of consumers. Rates can (and did) change for customer-generators between the adoption of the settlement and now.

Q. WERE CUSTOMERS AND PARTIES UNDER THE 2014 SETTLEMENT AWARE THAT UTILITY RATES ARE SUBJECT TO CHANGE?

[6] S.C. Pub. Serv. Comm'n, Docket No. 2014-246-E, Cover Letter and Settlement Agreement (Dec. 11, 2014), available at https://dms.psc.sc.gov/Attachments/Matter/46a1fee8-155d-141f-233230a670190eb2.

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A. Yes. It is explicit in the agreement that rates may change, but that no discriminatory or solar-specific rates or charges would be imposed. Customers could still face rate changes that negatively impact the value of solar, such as the large fixed customer charge increase that Duke Energy Carolinas and Duke Energy Progress proposed and later withdrew in their most recent general rate cases. The Settlement protected customer-generators by giving them the same expectation of their rights that all customers have regarding the justness and reasonableness of any rate change.

Q. DOES THE SETTLEMENT AGREEMENT SUGGEST WHAT TYPES OF CHANGES TO NET METERING MIGHT FOLLOW THE EXPIRATION OF SETTLEMENT RIGHTS?

A. No. But even if it had, the enactment of the Energy Freedom Act repealed and replaced the version of Act 236 that was in place at the time. Ordinary regulatory principles of rate design should continue to apply, including the need for gradualism with any changes to avoid rate shocks.

Q. WOULD EXISTING CUSTOMERS FACE RATE SHOCKS WHEN THEIR SETTLEMENT RIGHTS EXPIRE?

A. Yes. As described by Witness Beach in his direct testimony, the average customer would see a loss in bill savings of over 50%, largely driven by the imposition of unavoidable fixed costs in the form of an inflated Basic Facilities Charge and subscription fee. Beach Direct Test. at 6. This loss of bill savings could result in a significant bill increase for thousands of existing customer-generators.

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Q. DO ORS'S WITNESSES ADDRESS GRADUALISM IN THEIR RECOMMENDATIONS?

A. No.

IV. RECOMMENDATIONS

Q. WHAT RECOMMENDATIONS DO YOU HAVE FOR THE COMMISSION?

A. I recommend that the Commission adopt the proposal put forward by Witness Beach in this proceeding, as this proposal takes in consideration all relevant provisions of the Energy Freedom Act and complies with all of its requirements, rather than adopting the ORS and DESC approaches, which narrowly focus on cost shift. Further, the proposal by Witness Beach better addresses the concerns of existing solar customers, and "**properly** reflects changes in the industry as a whole, the benefits of customer renewable energy, energy efficiency, and demand response, taking into account the long-term benefits that adoption of customer-sited generation can bring to all ratepayers."[7]

V. CONCLUSION

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

[7] S.C. Code Ann. § 58-41-05 (emphasis added).

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BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2020-229-E

In the Matter of: Duke Energy Carolinas, LLC's Establishment of Solar Choice Metering Tariffs Pursuant to S.C. Code Ann. Section 58-40-20 Duke Energy Progress, LLC's Establishment of Solar Choice Metering Tariffs Pursuant to S.C. Code Ann. Section 58-40-20	)	**CERTIFICATE OF SERVICE**

I certify that the parties of record on the service list have been served with the Direct Testimony of Eddy Moore on behalf of the South Carolina Coastal Conservation League, Southern Alliance for Clean Energy, and Upstate Forever either by electronic mail or by deposit in the U.S. Mail, postage prepaid:

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